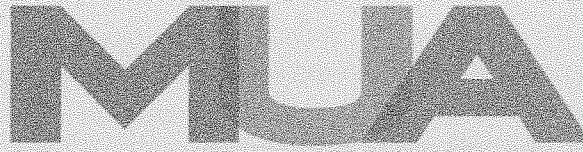




MUA/RASA/EXAM/QP/2013

The
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POST GRADUATE UNIVERSITY EXAMINATIONS -APRIL 2013

SCHOOL OF MANAGEMENT AND LEADERSHIP

EXECUTIVE MASTER OF BUSINESS ADMINISTRATION

EMBA 512: INVESTMENT AND PORTFOLIO MANAGEMENT

DATE: 18TH APRIL 2013

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **four (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question one carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write **all your answers** in the Examination answer booklet provided.

QUESTION ONE

- a) Define the term market information efficiency. (3 Marks)
- b) Distinguish the three levels of market information efficiency. (6 Marks)
- c) An investor was operating in the market and identified that two stocks have reported the following performance

Year	Stock A	Stock B
1	10%	14%
2	8%	12%
3	12%	10%

Based on Markov's theory, supposing the two stocks are combined equally in a portfolio, calculate portfolio risk and return. (10 Marks)

- d) What has been the combined effect of screen-based trading and electronic delivery on the shares market? (6 Marks)
- e) During the past five years, the returns of a stock were as follows:

Year	Return
1	0.07
2	0.03
3	-0.09
4	0.06
5	0.10

Compute the following:

- i) Arithmetic mean. (2 Marks)
- ii) Geometric mean. (3 Marks)

QUESTION TWO

- a) What are the obstacles in the way of an equity analyst? (6 Marks)
- b) Discuss the key macroeconomic variables and their impact on stock market. (9 Marks)

QUESTION THREE

- a) What are the key differences between closed-ended and open-ended schemes? (8 Marks)
- b) Explain the key components of an investment policy. (7 Marks)

QUESTION FOUR

- a) What four factors would you consider before investing in real estate? (7 marks)
- b) What characteristics of real estate property investment would favor the corporate form of ownership over partnership form? What characteristics would favor the partnership form? (8 marks)